

# SECURITIES AND EXCHANGE COMMISSION

## FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

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### FILER

#### UNITED RETIREMENT SHARES INC

CIK: **101185** | IRS No.: **430952417** | State of Incorpor.: **MD** | Fiscal Year End: **0630**  
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UNITED  
RETIREMENT  
SHARES,  
INC.

ANNUAL  
REPORT

-----  
For the fiscal year ended June 30, 1996

FUND MANAGER'S LETTER  
JUNE 30, 1996

Dear Shareholder:

This report relates to the operation of United Retirement Shares, Inc. for the fiscal year ended June 30, 1996. The following discussion, graphs and tables provide you with information regarding the Fund's performance during that period.

Interest rates and inflation declined and corporate profits rose during the first half of the past fiscal year, contributing to strong performances by both the stock and bond markets. Thereafter, however, signs of a strengthening economy prompted concerns that the Federal Reserve Bank would raise interest rates in response to inflationary pressures. These concerns negatively impacted the bond markets during the latter stages of the fiscal year.

The Fund continued to pursue a strategy of attempting to increase the total return of its portfolio while striving to preserve capital. In furtherance of this strategy, the Fund reduced risk to its portfolio by diversifying its investments across a broad number of industries. The Fund maintained a cash position during the past fiscal year to enhance its ability to react to interest rate changes and take advantage of attractive investment opportunities.

The strategies and techniques we applied resulted in the direction of the Fund's performance during its past fiscal year remaining modestly below that of two of the indexes charted on the following page and significantly ahead of the remaining index. The charted indexes reflect the performance of securities that generally represent the stock market (the Standard & Poor's 500 Index), the bond market (the Lehman Brothers Government/Corporate Bond Index or LBGCB I) and the universe of funds with similar investment objectives (the Lipper Growth & Income Fund Universe Average). The S&P 500 and the LBGCB I are presented because the Fund invests in both stocks and bonds. The Fund's relative performance was negatively impacted during the second half of the fiscal year by investment in bonds and cash, both of which underperformed stocks.

We anticipate moderate economic growth during the upcoming fiscal year, accompanied by subdued inflation and downward pressure on interest rates. The bond and stock markets are likely to remain volatile as economic growth slows

and corporate profits diminish. We expect to continue investing in securities that present the opportunity for positive long-term returns consistent with the Fund's objectives.

Thank you very much for your continued support and confidence in our organization.

Respectfully,

Cynthia P. Prince-Fox  
 Manager, United Retirement Shares, Inc.

COMPARISON OF CHANGE IN VALUE OF \$10,000 INVESTMENT IN  
 UNITED RETIREMENT SHARES, INC.,  
 THE S&P 500 INDEX,  
 THE LEHMAN BROTHERS GOVERNMENT/CORPORATE BOND INDEX,  
 AND THE LIPPER GROWTH & INCOME FUND UNIVERSE AVERAGE

	United Retirement Shares, Inc.	S&P 500 Index	Lehman Brothers Government/ Corporate Bond Index	Lipper Growth & Income Fund Universe Average	
06/30/86	Purchase	9,425	10,000	10,000	10,000
06/30/87	10,034	12,516	10,468	11,677	
06/30/88	9,858	11,653	11,251	11,251	
06/30/89	11,620	14,048	12,639	13,027	
06/30/90	13,138	16,364	13,539	14,385	
06/30/91	13,803	17,574	14,923	15,306	
06/30/92	16,279	19,932	17,037	17,259	
06/30/93	18,469	22,648	19,278	19,737	
06/30/94	19,399	22,966	18,997	20,114	
06/30/95	22,323	28,954	21,422	24,082	
06/30/96	25,656	36,482	22,419	29,454	

==== United Retirement Shares, Inc.\* -- \$25,656  
 ++++ S&P 500 Index -- \$36,482  
 - - - - - Lehman Brothers Government/Corporate Bond Index - \$22,419  
 ----- Lipper Growth & Income Fund Universe Average -- \$29,454

\*The value of the investment in the Fund is impacted by the sales load at the time of the investment and by the ongoing expenses of the Fund.

Annual Average Total Return +  
 Class A++ Class Y

Year Ended		
6/30/96	8.32%	N/A
5 Years Ended		
6/30/96	11.86%	N/A
10 Years Ended		
6/30/96	9.88%	N/A
Aggregate Total		
Return for Life		
of Class Y +++	N/A	1.91%

+ Total return for the Class Y shares may be greater than that of the Class A shares because the Fund's Class Y shares are not subject to a sales load or 12b-1 fees.

++ Performance data quoted represents past performance and is based on deduction of a 5.75% sales load on the initial purchase in each of the three periods. Investment return and principal value will fluctuate and an investor's shares, when redeemed, may be worth more or less than their original cost.

+++ 2/27/96 (the date on which Fund Class Y shares were first acquired by shareholders) through 6/30/96.

Past performance is not predictive of future performance. Indexes are unmanaged.

SHAREHOLDER SUMMARY

UNITED RETIREMENT SHARES, INC.

PORTFOLIO STRATEGY:

Common stocks believed to have the potential for: Long-term appreciation Stability Income	OBJECTIVE:	Highest long-term total return as is, in the opinion of management, consistent with the reasonable safety of capital.
--	------------	---

Maximum 10% foreign securities Debt securities Cash reserves	STRATEGY:	Invests in equity and debt securities in such proportions that management believes are most likely to achieve the Fund's objective. (May purchase securities subject to repurchase agreements. May invest in certain options and futures.)
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The use of cash reserves (often invested in money market securities) for defensive purposes is a strategy that may be utilized by

Retirement Shares from time to time.

Moving into cash reserve positions at times thought to be near a major stock market peak allows the Fund the opportunity to capture profits and attempts to cushion the impact of market declines. The added flexibility provided by our CASH RESERVES STRATEGY has from time to time been an important element in our past success and, when deemed appropriate, may be used in the management of the portfolio in the future.

FOUNDED: 1972

SCHEDULED DIVIDEND FREQUENCY: QUARTERLY (March, June, September, December)

PERFORMANCE SUMMARY -- Class A Shares

PER SHARE DATA

For the Fiscal Year Ended June 30, 1996

-----

DIVIDENDS PAID	\$0.27
	=====
CAPITAL GAINS DISTRIBUTION	\$0.47
	=====
NET ASSET VALUE ON	
06/30/96	\$8.72 adjusted to: \$9.19 (A)
06/30/95	8.26
	-----
CHANGE PER SHARE	\$0.93
	=====

(A) This number includes the capital gains distribution of \$0.47 paid in December 1995 added to the actual net asset value on June 30, 1996.

Past performance is not necessarily an indication of future results.

TOTAL RETURN HISTORY

Period	Average Annual Total Return	
	With Sales Load*	Without Sales Load**

-----	-----	-----
1-year period ended 6-30-96	8.32%	14.93%
5-year period ended 6-30-96	11.86%	13.20%
10-year period ended 6-30-96	9.88%	10.53%

\*Performance data quoted represents past performance and is based on deduction of 5.75% sales load on the initial purchase in each of the three periods.

\*\*Performance data quoted in this column represents past performance without taking into account the sales load deducted on an initial purchase.

Investment return and principal value will fluctuate and an investor's shares, when redeemed, may be worth more or less than their original cost.

#### PORTFOLIO HIGHLIGHTS

On June 30, 1996, United Retirement Shares, Inc. had net assets totaling \$609,034,447 invested in a diversified portfolio of:

- 55.77% Common Stocks
- 24.51% U.S. Government Securities
- 12.16% Cash and Cash Equivalents
- 4.99% Corporate Bonds
- 2.08% Convertible Preferred Stocks
- 0.49% Other Government Security

As a shareholder of United Retirement Shares, Inc. for every \$100 you had invested on June 30, 1996, your Fund owned:

- \$25.51 Manufacturing Stocks
- 24.51 United States Government Securities
- 12.16 Cash and Cash Equivalents
- 8.54 Transportation, Communication, Electric and Sanitary Services Stocks
- 7.28 Finance, Insurance and Real Estate Stocks
- 4.99 Corporate Debt Securities
- 5.08 Wholesale and Retail Trade Stocks
- 4.18 Services Stocks
- 2.92 Miscellaneous Investing Institutions Stocks
- 4.83 Other

Not all holdings will be represented in the portfolio at all times.

THE INVESTMENTS OF  
UNITED RETIREMENT SHARES, INC.  
JUNE 30, 1996

Shares Value

COMMON STOCKS

Apparel and Accessory Stores - 0.92%

Gap, Inc. (The) .....	175,000	\$ 5,621,875
-----------------------	---------	--------------

Business Services - 2.12%

Cerner Corporation* .....	200,000	4,300,000
Electronic Data Systems Corporation ....	160,000	8,600,000
Total .....		12,900,000

Chemicals and Allied Products - 9.11%

Abbott Laboratories .....	160,000	6,960,000
American Home Products Corporation .....	140,000	8,417,500
Astra AB, Class A (A) .....	175,000	7,745,000
Dow Chemical Company (The) .....	80,000	6,080,000
du Pont (E.I.) de Nemours and Company ..	150,000	11,868,750
Pfizer Inc. ....	100,000	7,137,500
Procter & Gamble Company (The) .....	80,000	7,250,000
Total .....		55,458,750

Communication - 6.45%

AT&T Corporation .....	150,000	9,300,000
GTE Corporation .....	179,700	8,041,575
MCI Communications Corporation .....	255,000	6,518,310
Nokia Corporation, Series A, ADS .....	111,600	4,129,200
SBC Communications Inc. ....	135,000	6,648,750
Viacom Inc., Class B* .....	120,000	4,665,000
Total .....		39,302,835

Depository Institutions - 1.91%

BankAmerica Corporation .....	100,000	7,575,000
Wells Fargo & Company .....	17,000	4,060,875
Total .....		11,635,875

Electric, Gas and Sanitary Services - 1.61%

Baltimore Gas and Electric Company .....	120,000	3,405,000
Houston Industries Incorporated .....	260,000	6,402,500
Total .....		9,807,500

Electronic and Other Electric Equipment - 3.29%

Duracell International Inc. ....	150,000	6,468,750
Emerson Electric Co. ....	150,000	13,556,250
Total .....		20,025,000

See Notes to Schedules of Investments on page 11.

THE INVESTMENTS OF  
 UNITED RETIREMENT SHARES, INC.  
 JUNE 30, 1996



	Shares	Value
COMMON STOCKS (Continued)		
Fabricated Metal Products - 1.54%		
Gillette Company (The) .....	150,000	\$ 9,356,250
Food and Kindred Products - 1.16%		
PepsiCo, Inc. ....	200,000	7,075,000
General Merchandise Stores - 2.66%		
Cifra, S.A. de C.V., Series C (A)* .....	550,000	786,545
Dillard Department Stores, Inc., Class A	115,000	4,197,500
May Department Stores Company (The) ....	140,000	6,125,000
Wal-Mart Stores, Inc. ....	200,000	5,075,000
Total .....		16,184,045
Health Services - 0.70%		
Tenet Healthcare Corporation* .....	200,000	4,275,000
Heavy Construction, Excluding Building - 0.88%		
Foster Wheeler Corporation .....	120,000	5,385,000
Holding and Other Investment Offices - 2.92%		
Grupo Carso, S.A. de C.V., Series 1A (A)* .....	500,000	3,555,379
HSBC Holdings Plc (A) .....	202,060	3,055,185
LTC Properties, Inc. ....	300,000	4,950,000
National Health Investors, Inc. ....	190,500	6,238,875
Total .....		17,799,439
Hotels and Other Lodging Places - 1.36%		
ITT Corporation* .....	125,000	8,281,250
Industrial Machinery and Equipment - 3.56%		
Applied Materials, Inc.* .....	68,400	2,081,891
Deere & Company .....	150,000	6,000,000
Seagate Technology, Inc.* .....	130,000	5,850,000
York International Corporation .....	150,000	7,762,500
Total .....		21,694,391
Instruments and Related Products - 2.48%		
Mark IV Industries, Inc. ....	242,550	5,487,694
St. Jude Medical, Inc.* .....	120,000	4,005,000
Teradyne, Inc.* .....	325,000	5,606,250
Total .....		15,098,944

See Notes to Schedules of Investments on page 11.

THE INVESTMENTS OF  
 UNITED RETIREMENT SHARES, INC.  
 JUNE 30, 1996

	Shares	Value
COMMON STOCKS (Continued)		
Insurance Agents, Brokers and Service - 1.09%		
ITT Hartford Group, Inc. ....	125,000	\$ 6,656,250
Insurance Carriers - 4.04%		
Chubb Corporation (The) .....	200,000	9,975,000
Financial Security Assurance Holdings Ltd. ....	350,000	9,581,250
United HealthCare Corporation .....	100,000	5,050,000
Total .....		24,606,250
Nondepository Institutions - 0.24%		
Associates First Capital Corporation* ...	38,000	1,429,750
Oil and Gas Extraction - 1.38%		
Schlumberger Limited .....	100,000	8,425,000
Petroleum and Coal Products - 1.43%		
Exxon Corporation .....	100,000	8,687,500
Printing and Publishing - 2.94%		
Belo (A. H.) Corporation, Class A .....	113,200	4,216,700
Berkshire Hathaway Inc., Class B* .....	3,000	3,099,000
McGraw-Hill, Inc. ....	120,000	5,490,000
Time Warner Incorporated .....	130,000	5,102,500
Total .....		17,908,200
Transportation by Air - 0.48%		
Southwest Airlines Co. ....	100,000	2,912,500
Wholesale Trade -- Nondurable Goods - 1.50%		
Sara Lee Corporation .....	150,000	4,856,250
SYSCO Corporation .....	125,000	4,281,250
Total .....		9,137,500
TOTAL COMMON STOCKS - 55.77%		\$339,664,104
(Cost: \$257,698,339)		

See Notes to Schedules of Investments on page 11.

THE INVESTMENTS OF  
 UNITED RETIREMENT SHARES, INC.  
 JUNE 30, 1996

	Shares	Value
PREFERRED STOCKS		
Transportation By Air - 1.04%		
Delta Air Lines, Incorporated, Convertible .....	100,000	\$ 6,300,000
Transportation Equipment - 1.04%		
Ford Motor Company, Convertible .....	60,000	6,360,000
TOTAL PREFERRED STOCKS - 2.08%		\$12,660,000
(Cost: \$8,349,138)		

	Principal Amount in Thousands	
CORPORATE DEBT SECURITIES		
Communication - 0.56%		
Bell Telephone Company of Pennsylvania (The), 8.35%, 12-15-2030 .....	\$3,000	3,421,260
Electronic and Other Electric Equipment - 0.70%		
Cooper Industries, Inc., 6.0%, 1-1-99 (Exchangeable) .....	3,416	4,237,750
Nondepository Institutions - 3.23%		
American Express Company, 6.25%, 10-15-96 (Exchangeable) .....	9,188	16,406,250
General Electric Capital Corporation, 8.3%, 9-20-2009 .....	3,000	3,272,400
Total .....		19,678,650
Oil and Gas Extraction - 0.50%		
Enron Corp., 6.25%, 12-13-98 (Exchangeable) .....	2,588	3,079,125
TOTAL CORPORATE DEBT SECURITIES - 4.99%		\$30,416,785
(Cost: \$21,172,768)		

OTHER GOVERNMENT SECURITY - 0.49%		
Supranational		
International Bank for Reconstruction and Development, 9.25%, 7-15-2017 .....	2,500	\$2,992,425
(Cost: \$2,498,204)		

See Notes to Schedule of Investments on page 11.

THE INVESTMENTS OF  
 UNITED RETIREMENT SHARES, INC.  
 JUNE 30, 1996

	Principal Amount in Thousands	Value
UNITED STATES GOVERNMENT SECURITIES		
United States Treasury:		
7.5%, 12-31-96 .....	\$10,000	\$ 10,096,900
6.5%, 8-15-97 .....	5,000	5,032,800
7.375%, 11-15-97 .....	5,000	5,089,050
9.25%, 8-15-98 .....	5,000	5,300,800
4.75%, 10-31-98 .....	10,000	9,689,100
7.125%, 9-30-99 .....	20,000	20,437,400
7.75%, 12-31-99 .....	10,000	10,418,700
7.25%, 5-15-2004 .....	5,000	5,180,450
7.875%, 11-15-2004 .....	10,000	10,748,400
7.5%, 2-15-2005 .....	37,000	38,925,110
9.375%, 2-15-2006 .....	8,500	10,083,125
10.375%, 11-15-2012 .....	4,000	5,078,120
9.25%, 2-15-2016 .....	5,000	6,183,600
Miscellaneous United States Government Backed Securities:		
National Archives Facility Trust, 8.5%, 9-1-2019 .....	4,365	4,788,493
Postal Square Limited Partnership, 8.95%, 6-15-2022 .....	1,935	2,222,043
TOTAL UNITED STATES GOVERNMENT SECURITIES - 24.51%		\$149,274,091
(Cost: \$146,556,602)		
SHORT-TERM SECURITIES		
Chemicals and Allied Products - 1.07%		
PPG Industries Inc., 5.33%, 7-11-96.....	6,520	6,510,347
Communication - 1.56%		
Nynex Corp., 5.32%, 7-16-96.....	9,530	9,508,875
Depository Institutions - 0.60%		
U.S. Bancorp, Master Note .....	3,654	3,654,000

See Notes to Schedule of Investments on page 11.

THE INVESTMENTS OF  
 UNITED RETIREMENT SHARES, INC.  
 JUNE 30, 1996

	Principal Amount in Thousands	Value
SHORT-TERM SECURITIES (Continued)		
Electric, Gas and Sanitary Services - 3.62%		
Baltimore Gas & Electric Co.,		
5.37%, 7-24-96.....	\$6,755	\$ 6,731,825
Commonwealth Edison Co.:		
5.55%, 7-17-96.....	6,825	6,808,165
5.53%, 7-29-96.....	2,605	2,593,796
Public Service Co. of Colorado,		
5.55%, 7-11-96.....	5,930	5,920,858
Total.....		22,054,644
 Electronic and Other Electric Equipment - 0.52%		
TDK USA Corp.,		
5.35%, 7-22-96.....	3,155	3,145,154
 Food and Kindred Products - 0.09%		
General Mills, Inc.,		
Master Note .....	515	515,000
 Industrial Machinery and Equipment - 0.53%		
Hewlett-Packard Co.,		
5.36%, 7-30-96.....	3,215	3,201,118
 Metal Mining - 0.21%		
BHP Finance (USA) Inc.,		
5.33%, 7-19-96.....	1,300	1,296,535
 Nondepository Institutions - 2.05%		
Ford Motor Credit Co.,		
5.31%, 7-12-96.....	4,220	4,213,153
IBM Credit Corp.,		
5.3%, 7-17-96.....	8,300	8,280,449
Total.....		12,493,602
 Printing and Publishing - 0.98%		
Gannett Co.,		
5.35%, 7-16-96.....	6,000	5,986,625
 Wholesale Trade -- Nondurable Goods - 0.26%		
Sara Lee Corporation,		
Master Note .....	1,579	1,579,000
TOTAL SHORT-TERM SECURITIES - 11.49%		\$69,944,900

(Cost: \$69,944,900)

See Notes to Schedule of Investments on page 11.

THE INVESTMENTS OF  
UNITED RETIREMENT SHARES, INC.  
JUNE 30, 1996

TOTAL INVESTMENT SECURITIES - 99.33%	\$604,952,305
(Cost: \$506,219,951)	
CASH AND OTHER ASSETS, NET OF LIABILITIES - 0.67%	4,082,142
NET ASSETS - 100.00%	\$609,034,447

Notes to Schedule of Investments

\*No income dividends were paid during the preceding 12 months.

(A) Listed on an exchange outside the United States.

See Note 1 to financial statements for security valuation and other significant accounting policies concerning investments.

See Note 3 to financial statements for cost and unrealized appreciation and depreciation of investments owned for Federal income tax purposes.

UNITED RETIREMENT SHARES, INC.  
STATEMENT OF ASSETS AND LIABILITIES  
JUNE 30, 1996

Assets

Investment securities - at value	
(Notes 1 and 3) .....	\$604,952,305
Receivables:	
Dividends and interest .....	4,586,719
Fund shares sold .....	720,427
Prepaid insurance premium .....	7,362
	-----
Total assets .....	610,266,813
	-----

Liabilities

Payable for Fund shares redeemed .....	914,582
Accrued service fee .....	177,021
Accrued transfer agency and dividend disbursing ..	82,631
Accrued accounting services fee .....	5,833
Due to custodian .....	4,520

Other .....	47,779
	-----
Total liabilities .....	1,232,366
	-----
Total net assets .....	\$609,034,447
	=====

Net Assets

\$1.00 par value capital stock	
Capital stock .....	\$ 69,819,175
Additional paid-in capital.....	408,281,009
Accumulated undistributed income:	
Accumulated undistributed net investment income .	1,513,126
Accumulated undistributed net realized gain on investment transactions .....	30,688,783
Net unrealized appreciation in value of investments at end of period .....	98,732,354
	-----
Net assets applicable to outstanding units of capital .....	\$609,034,447
	=====

Net asset value per share (net assets divided by shares outstanding)

Class A .....	\$8.72
Class Y .....	\$8.72

Capital shares outstanding

Class A .....	69,607,591
Class Y .....	211,584
Capital shares authorized	300,000,000

See notes to financial statements.

UNITED RETIREMENT SHARES, INC.

STATEMENT OF OPERATIONS

For the Fiscal Year Ended JUNE 30, 1996

Investment Income

Income:

Interest .....	\$14,154,264
Dividends .....	8,187,260
	-----
Total income .....	22,341,524
	-----

Expenses (Note 2):

Investment management fee .....	3,198,744
Service fee - Class A.....	829,523
Transfer agency and dividend disbursing - Class A	790,263
Accounting services fee .....	66,667
Custodian fees .....	38,176
Audit fees .....	25,854

Legal fees .....	9,813
Shareholder servicing - Class Y.....	772
Other .....	137,271
	-----
Total expenses .....	5,097,083
	-----
Net investment income .....	17,244,441
	-----
Realized and Unrealized Gain (Loss) on Investments	
Realized net gain on securities .....	37,040,208
Realized net loss on foreign currency transactions .....	(510)
	-----
Realized net gain on investments .....	37,039,698
Unrealized appreciation in value of investments during the period .....	24,086,193
	-----
Net gain on investments .....	61,125,891
	-----
Net increase in net assets resulting from operations .....	\$78,370,332
	=====

See notes to financial statements.

UNITED RETIREMENT SHARES, INC.  
STATEMENT OF CHANGES IN NET ASSETS

	For the fiscal year ended June 30,	
	1996	1995
	-----	-----
Increase in Net Assets		
Operations:		
Net investment income .....	\$17,244,441	\$ 14,751,110
Realized net gain on investments ....	37,039,698	29,069,365
Unrealized appreciation .....	24,086,193	25,469,423
	-----	-----
Net increase in net assets resulting from operations .....	78,370,332	69,289,898
	-----	-----
Dividends to shareholders from:*		
Net investment income		
Class A .....	(17,894,502)	(13,359,196)
Class Y .....	(23,837)	---
Realized gains on securities transactions		
Class A .....	(29,768,931)	(16,046,041)
Class Y .....	---	---



	(47,687,270)	(29,405,237)
Capital share transactions:		
Proceeds from sale of shares:		
Class A (7,948,671 and 8,362,713 shares, respectively) .....	68,712,131	65,060,570
Class Y (231,276 and 0 shares, respectively) .....	2,009,381	---
Proceeds from reinvestment of dividends and/or capital gains distribution:		
Class A (5,612,672 and 3,899,165 shares, respectively) ..	47,558,555	29,326,493
Class Y (2,757 and 0 shares, respectively) .....	23,837	---
Payments for shares redeemed		
Class A (7,874,360 and 7,622,986 shares, respectively) .....	(67,818,591)	(59,045,801)
Class Y (22,449 and 0 shares, respectively) .....	(195,884)	---
Net increase in net assets resulting from capital share transactions .....		
	50,289,429	35,341,262
Total increase .....		
	80,972,491	75,225,923
Net Assets		
Beginning of period .....	528,061,956	452,836,033
End of period, including undistributed net investment income of \$1,513,126 and \$2,187,534, respectively .....		
	\$609,034,447	\$528,061,956
	=====	=====

\*See "Financial Highlights" on pages 15-16.

See notes to financial statements.

UNITED RETIREMENT SHARES, INC.

FINANCIAL HIGHLIGHTS

Class A Shares

For a Share of Capital Stock Outstanding  
Throughout Each Period:

For the fiscal year ended June 30,				
-----	-----	-----	-----	-----
1996	1995	1994	1993	1992
-----	-----	-----	-----	-----

Net asset value, beginning of period .....	\$8.26	\$7.64	\$7.70	\$7.20	\$6.41
	-----	-----	-----	-----	-----
Income from investment operations:					
Net investment income .....	.26	.24	.18	.22	.21
Net realized and unrealized gain on investments ..	.94	.86	.22	.73	.91
	-----	-----	-----	-----	-----
Total from investment operations .....	1.20	1.10	.40	.95	1.12
	-----	-----	-----	-----	-----
Less distributions:					
Dividends from net investment income .....	(0.27)	(0.22)	(0.18)	(0.23)	(0.22)
Distribution from capital gains ...	(0.47)	(0.26)	(0.28)	(0.22)	(0.11)
	-----	-----	-----	-----	-----
Total distributions.	(0.74)	(0.48)	(0.46)	(0.45)	(0.33)
	-----	-----	-----	-----	-----
Net asset value, end of period ....	\$8.72	\$8.26	\$7.64	\$7.70	\$7.20
	=====	=====	=====	=====	=====
Total return* .....	14.93%	15.07%	5.03%	13.45%	17.93%
Net assets, end of period (000 omitted) .....	\$607,188	\$528,062	\$452,836	\$379,933	\$258,862
Ratio of expenses to average net assets .....	0.89%	0.89%	0.87%	0.80%	0.82%
Ratio of net investment income to average net assets .....	3.01%	3.04%	2.32%	2.98%	3.12%
Portfolio turnover rate .....	42.05%	48.62%	27.10%	30.62%	38.26%

\*Total return calculated without taking into account the sales load deducted on an initial purchase.

See notes to financial statements.

UNITED RETIREMENT SHARES, INC.  
FINANCIAL HIGHLIGHTS  
Class Y Shares  
For a Share of Capital Stock Outstanding

Throughout the Period:

For the  
period  
from 2/27/96  
through  
6/30/96\*  
-----

Net asset value,  
beginning of period \$8.68  
-----

Income from investment  
operations:  
Net investment  
income ..... .10  
Net realized and  
unrealized gain  
on investments... .06  
-----

Total from investment  
operations ..... .16  
-----

Less distributions:  
Dividends from net  
investment  
income.....(.12)  
Distribution from  
capital gains....(.00)  
-----

Total distributions.(.12)  
-----

Net asset value,  
end of period ..... \$8.72  
=====

Total return ..... 1.91%

Net assets, end of  
period (000  
omitted) ..... \$1,846

Ratio of expenses  
to average net  
assets ..... 0.71%\*\*

Ratio of net  
investment income  
to average net  
assets ..... 3.36%\*\*

Portfolio  
turnover rate ..... 42.05%\*\*

\*On October 7, 1995, the Fund began offering Class Y shares to the public. Fund shares outstanding prior to that date were designated

Class A shares.  
\*\*Annualized.

See notes to financial statements.

UNITED RETIREMENT SHARES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE 1 -- Significant Accounting Policies

United Retirement Shares, Inc. (the "Fund") is registered under the Investment Company Act of 1940 as a diversified, open-end management investment company. Its investment objective is to provide the highest long-term total investment return as is, in the opinion of management, consistent with reasonable safety of capital. The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The policies are in conformity with generally accepted accounting principles.

- A. Security valuation -- Each stock and convertible bond is valued at the latest sale price thereof on the last business day of the fiscal period as reported by the principal securities exchange on which the issue is traded or, if no sale is reported for a stock, the average of the latest bid and asked prices. Bonds, other than convertible bonds, are valued using a pricing system provided by a pricing service or dealer in bonds. Convertible bonds are valued using this pricing system only on days when there is no sale reported. Stocks which are traded over-the-counter are priced using Nasdaq (National Association of Securities Dealers Automated Quotations System) which provides information on bid and asked or closing prices quoted by major dealers in such stocks. Short-term debt securities are valued at amortized cost, which approximates market.
- B. Security transactions and related investment income -- Security transactions are accounted for on the trade date (date the order to buy or sell is executed). Securities gains and losses are calculated on the identified cost basis. Original issue discount (as defined in the Internal Revenue Code), premiums on the purchase of bonds and post-1984 market discount are amortized for both financial and tax reporting purposes over the remaining lives of the bonds. Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis. See Note 3 -- Investment Securities Transactions.
- C. Federal income taxes -- It is the Fund's policy to distribute all of its taxable income and capital gains to its shareholders and otherwise qualify as a regulated investment company under the Internal Revenue Code. In addition, the Fund intends to pay distributions as required to avoid imposition of excise tax. Accordingly, provision has not been made for Federal income taxes. See Note 4 -- Federal Income Tax Matters.
- D. Dividends and distributions -- Dividends and distributions to shareholders

are recorded by the Fund on the record date. Net investment income distributions and capital gains distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles. These differences are due to differing treatments for items such as deferral of wash sales and post-October losses, foreign currency transactions, net operating losses and expiring capital loss carryforwards. At June 30, 1996, \$510 was reclassified between accumulated undistributed net investment income and accumulated undistributed net realized gain on investment transactions.

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 2 -- Investment Management and Payments to Affiliated Persons

The Fund pays a fee for investment management services. The fee is computed daily based on the net asset value at the close of business. The fee consists of two elements: (i) a "Specific" fee computed on net asset value as of the close of business each day at the annual rate of .15% of net assets and (ii) a "Group" fee computed each day on the combined net asset values of all of the funds in the United Group of mutual funds (approximately \$14.3 billion of combined net assets at June 30, 1996) at annual rates of .51% of the first \$750 million of combined net assets, .49% on that amount between \$750 million and \$1.5 billion, .47% between \$1.5 billion and \$2.25 billion, .45% between \$2.25 billion and \$3 billion, .43% between \$3 billion and \$3.75 billion, .40% between \$3.75 billion and \$7.5 billion, .38% between \$7.5 billion and \$12 billion, and .36% of that amount over \$12 billion. The Fund accrues and pays this fee daily.

Pursuant to assignment of the Investment Management Agreement between the Fund and Waddell & Reed, Inc. ("W&R"), Waddell & Reed Investment Management Company ("WRIMCO"), a wholly-owned subsidiary of W&R, serves as the Fund's investment manager.

The Fund has an Accounting Services Agreement with Waddell & Reed Services Company ("WARSCO"), a wholly-owned subsidiary of W&R. Under the agreement, WARSCO acts as the agent in providing accounting services and assistance to the Fund and pricing daily the value of shares of the Fund. For these services, the Fund pays WARSCO a monthly fee of one-twelfth of the annual fee shown in the following table.

Average		Annual Fee
Net Asset Level		Rate for Each Level
(all dollars in millions)		
-----		-----
From \$	0 to \$ 10	\$ 0
From \$	10 to \$ 25	\$ 10,000
From \$	25 to \$ 50	\$ 20,000
From \$	50 to \$ 100	\$ 30,000

From \$ 100 to \$ 200	\$ 40,000
From \$ 200 to \$ 350	\$ 50,000
From \$ 350 to \$ 550	\$ 60,000
From \$ 550 to \$ 750	\$ 70,000
From \$ 750 to \$1,000	\$ 85,000
\$1,000 and Over	\$100,000

For Class A shares, the Fund also pays WARSCO a monthly per account charge for transfer agency and dividend disbursement services of \$1.3125 for each shareholder account which was in existence at any time during the prior month (\$1.0208 per account prior to April 1, 1996), plus \$0.30 for each account on which a dividend or distribution of cash or shares had a record date in that month. With respect to Class Y shares, the Fund pays WARSCO a monthly fee at an annual rate of .15% of the average daily net assets of the class for the preceding month. The Fund also reimburses W&R and WARSCO for certain out-of-pocket costs.

As principal underwriter for the Fund's shares, W&R received direct and indirect gross sales commissions for Class A shares (which are not an expense of the Fund) of \$2,789,340, out of which W&R paid sales commissions of \$1,594,267 and all expenses in connection with the sale of Fund shares, except for registration fees and related expenses.

Under a Service Plan for Class A shares adopted by the Fund pursuant to Rule 12b-1 under the Investment Company Act of 1940, the Fund may pay monthly a fee to W&R in an amount not to exceed .25% of the Fund's Class A average annual net assets. The fee is to be paid to reimburse W&R for amounts it expends in connection with the provision of personal services to Fund shareholders and/or maintenance of shareholder accounts.

The Fund paid Directors' fees of \$22,417.

W&R is an indirect subsidiary of Torchmark Corporation, a holding company, and United Investors Management Company, a holding company, and a direct subsidiary of Waddell & Reed Financial Services, Inc., a holding company.

NOTE 3 -- Investment Securities Transactions

Purchases of investment securities, other than U.S. Government obligations and short-term securities, aggregated \$179,354,404 while proceeds from maturities and sales aggregated \$239,906,117. Purchases of short-term and U.S. Government securities aggregated \$612,884,522 and \$41,278,594, respectively. Proceeds from maturities and sales of short-term and U.S. Government securities aggregated \$569,951,818 and \$10,075,973, respectively.

For Federal income tax purposes, cost of investments owned at June 30, 1996 was \$506,219,951, resulting in net unrealized appreciation of \$98,732,354, of which \$106,394,263 related to appreciated securities and \$7,661,909 related to depreciated securities.

NOTE 4 -- Federal Income Tax Matters

For Federal income tax purposes, the Fund realized capital gain net income of \$37,040,208 during its fiscal year ended June 30, 1996, of which a portion was paid to shareholders during the period ended June 30, 1996. Remaining capital gain net income will be distributed to Fund shareholders.

#### NOTE 5 -- Commencement of Multiclass Operations

On October 7, 1995, the Fund was authorized to offer investors a choice of two classes of shares, Class A and Class Y, each of which has equal rights as to assets and voting privileges. Class Y shares are not subject to a sales charge on purchases; they are not subject to a Rule 12b-1 Service Plan and have a separate transfer agency and dividend disbursement services fee structure. A comprehensive discussion of the terms under which shares of either class are offered is contained in the prospectus and the Statement of Additional Information for the Fund. The Fund commenced multiclass operations on February 27, 1996.

Income, non-class specific expenses and realized and unrealized gains and losses are allocated daily to each class of shares based on the value of relative net assets as of the beginning of each day adjusted for the prior day's capital share activity.

#### REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of  
United Retirement Shares, Inc.

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of United Retirement Shares, Inc. (the "Fund") at June 30, 1996, the results of its operations for the year then ended and the changes in its net assets and the financial highlights for each of the periods indicated, in conformity with generally accepted accounting principles. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at June 30, 1996 by correspondence with the custodian, provide a reasonable basis for the opinion expressed above.

Price Waterhouse LLP  
 Kansas City, Missouri  
 August 5, 1996

INCOME TAX INFORMATION

The amounts of the dividends and long-term capital gains below, multiplied by the number of shares owned by you on the record dates, will give you the total amounts to be reported in your Federal income tax return for the years in which they were received or reinvested.

PER-SHARE AMOUNTS REPORTABLE AS:						
-----						
For Individuals			For Corporations			
-----						
Record Date	Total	Ordinary Income	Long-Term Capital Gain	Non-Qualifying	Long-Term Qualifying	Capital Gain
-----						
Class A						
9-15-95	\$0.050	\$0.0500	\$0.0000	\$0.0271	\$0.0229	\$0.0000
12-15-95	0.569	0.1020	0.4670	0.0520	0.0500	0.4670
3-15-96	0.060	0.0600	0.0000	0.0252	0.0348	0.0000
6-14-96	0.060	0.0600	0.0000	0.0252	0.0348	0.0000
	-----	-----	-----	-----	-----	-----
Totals	\$0.739	\$0.2720	\$0.4670	\$0.1295	\$0.1425	\$0.4670
	=====	=====	=====	=====	=====	=====
Class Y						
3-15-96	\$0.060	\$0.0600	\$0.0000	\$0.0252	\$0.0348	\$0.0000
6-14-96	0.064	0.0640	0.0000	0.0268	0.0372	0.0000
	-----	-----	-----	-----	-----	-----
Totals	\$0.124	\$0.1240	\$0.0000	\$0.0520	\$0.0720	\$0.0000
	=====	=====	=====	=====	=====	=====

CORPORATION DEDUCTIONS -- Under Federal tax law, the amounts reportable as Qualifying Dividends are eligible for the dividends received deduction in the year received as provided by Section 243 of the Internal Revenue Code.

The tax status of dividends paid will be reported to you on Form 1099-DIV after the close of the applicable calendar year.

Shareholders are advised to consult with their tax advisor concerning the tax treatment of dividends and distributions from the Fund.

DIRECTORS

Ronald K. Richey, Birmingham, Alabama, Chairman of the Board  
 Henry L. Bellmon, Red Rock, Oklahoma  
 Dodds I. Buchanan, Boulder, Colorado  
 Jay B. Dillingham, Kansas City, Missouri



Linda Graves, Topeka, Kansas  
John F. Hayes, Hutchinson, Kansas  
Glendon E. Johnson, Miami, Florida  
William T. Morgan, Coronado, California  
Doyle Patterson, Kansas City, Missouri  
Eleanor B. Schwartz, Kansas City, Missouri  
Keith A. Tucker, Overland Park, Kansas  
Frederick Vogel III, Milwaukee, Wisconsin  
Paul S. Wise, Carefree, Arizona

#### OFFICERS

Keith A. Tucker, President  
Robert L. Hechler, Vice President  
Henry J. Herrmann, Vice President  
Theodore W. Howard, Vice President and Treasurer  
Sharon K. Pappas, Vice President and Secretary  
Cynthia P. Prince-Fox, Vice President  
Carl E. Sturgeon, Vice President

This report is submitted for the general information of the shareholders of United Retirement Shares, Inc. It is not authorized for distribution to prospective investors in the Fund unless accompanied with or preceded by the United Retirement Shares, Inc. current prospectus.

To all IRA Planholders:

As required by law, income tax will automatically be withheld from any distribution or withdrawal from an IRA unless you make a written election not to have taxes withheld. The election may be made by submitting forms provided by Waddell & Reed, Inc. which can be obtained from your Waddell & Reed representative or by submitting Internal Revenue Service form W-4P. Once made, an election can be revoked by providing written notice to Waddell & Reed, Inc. If you elect not to have tax withheld you may be required to make payments of estimated tax. Penalties may be imposed by the IRS if withholding and estimated tax payments are not adequate.

THE UNITED GROUP OF MUTUAL FUNDS

United Cash Management, Inc.  
United Government Securities Fund, Inc.  
United Bond Fund

United Municipal Bond Fund, Inc.  
United Municipal High Income Fund, Inc.  
United High Income Fund, Inc.  
United High Income Fund II, Inc.  
United Continental Income Fund, Inc.  
United Retirement Shares, Inc.  
United Asset Strategy Fund, Inc.  
United Income Fund  
United Accumulative Fund  
United Vanguard Fund, Inc.  
United New Concepts Fund, Inc.  
United Science and Technology Fund  
United International Growth Fund, Inc.  
United Gold & Government Fund, Inc.

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FOR MORE INFORMATION:

Contact your representative, or your  
local office as listed on your  
Account Statement, or contact:

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CUSTOMER SERVICE  
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Shawnee Mission, KS 66201-9217  
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<http://www.waddell.com>

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